



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, April 9, 2019
Category:	NEW BUSINESS
Type:	INFO
Subject:	Long Term Financial Plan
Background Information:	<p>The first spreadsheet of the long-term financial plan shows the general levy forecasted out for the next 10 years. The general fund levy is growing at a rate of 3.5% and the EDA special levy is increasing at a rate of 2,000 per year. The debt service levies are based on cash flow needs to repay back the obligation and the spreadsheets are included to show the cash flows of all the general levy impact bonds.</p> <p>The very last page of the long-term financial plan is fund 495 – street improvement fund. This fund will be used for street improvements, such as mill & overlays and street reconstructions. A onetime transfer of 600,000 is needed from general fund reserves to help cash flow future projects. A general levy item for the street improvement fund is built into the 2020 levy. Without the onetime transfer the amount needed for the 2020 levy would cause the overall levy increase to be around 5.5% instead of the 3.27%.</p> <p>Future debt forecasted in long term financial plan; A City Hall Bond of 6,000,000 is estimated for 2019 and for 2020-2022 general levy impact on bonding is around 500,000 each year.</p> <p>Debt service funds to watch in the next few years;</p> <ul style="list-style-type: none"> • Fund 359 – cash flow becomes negative in year 2024 • Fund 368 – Enough funds to call at next bonding cycle • Fund 369 – Callable in 2022 – cash flow becomes negative in fund 2027 • Fund 370 – Callable in 2022 – paid by TIF • Fund 371 – Callable in 2022 – Should be sufficient funds to call • Fund 372 – Callable in 2022 – Sufficient funds to call • Fund 373 – Cash flow becomes negative in 2021 (assessment shortfall) – will close fund 368 into fund 373 to help with cash flow once bond is paid in full. <p>After the 2018 audit is complete, the fund balance will be reviewed to determine if excess fund balance of 40% could be transferred to debt service to call bonds in 2022.</p>
Fiscal Impact:	
Alternative/ Variations:	
Recommendations:	